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**Report to**  
**The Vermont Legislature**

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**Evaluation of Reach Up Time Limits - Preparedness and Anticipated Impact**

**In Accordance with Sec. E.323.3 of Act 50**

**Submitted to:** House Committee on Appropriations  
House Committee on Human Services  
Senate Committee on Appropriations  
Senate Committee on Health and Welfare

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**Report Date:** January 15, 2014



Department for Children and Families

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## Executive Summary

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### **Reason for the Report:**

The 2013 legislature amended the Reach Up program by limiting the amount of time families are eligible to receive financial assistance through the program. Time limits on Reach Up financial assistance must be implemented effective May 1, 2014. This report is submitted pursuant to section E.323.3(b) of Act 50, which requires the Commissioner of the Department for Children and Families (“Department”) to report to the House Committees on Appropriations and on Human Services and to the Senate Committees on Appropriations and on Health and Welfare by January 15, 2014 regarding various aspects of the Department’s implementation of time limits on Reach Up financial assistance.

### **Summary:**

This report addresses measures taken by the Department to prepare for the implementation of time limits, and the effects of time limits on families and the Department.

Certain families will not be subject to time limits, provided they continue to receive assistance:

1. Recipients of Reach Ahead or Reach First;
2. Participants in the Post-Secondary Education (PSE) program;
3. Child-Only grant (parent receives SSI or a non-parent caretaker is caring for child); or
4. A family where one or both parents in the household are under the age of 18.

The time limit “clock” looks at months retroactively and moving forward starting July 2001, for any family receiving Reach Up who does not fit into one of the four categories above. Some participants may have been, or are, deferred from their work requirement. A deferment delays the onset of the work requirement for a specific reason and gives the participant time to address issues related to the deferment. Any month in which a participant is deferred for the following reasons is considered a “non-countable” month, and does not count towards the 60-month time limit:

1. Unable-to-work due to a medical condition, including substance abuse and mental health;
2. Caring for a child less than 24 months of age (only 12 cumulative months in a lifetime are allowed to be non-countable for this reason);
3. Unable-to-work due to the effects of domestic violence; or
4. Needed in the home on a full-time basis to care for an ill or incapacitated family member.

The Department will continue to track “total months” of assistance as well which is an accumulation of all Reach Up assistance received, including non-countable months and months in programs such as PSE and Reach Ahead. Though these data do not determine whether or not a participating family has met its 60-month time limit, they give the Department valuable

information about families receiving long term assistance, including assistance that spans across multiple generations.

The sections of this report follow the numerical paragraphs in section E.323.2(b).

## Section I

### Department's Preparedness for Implementing Time Limits

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The Department has been preparing for the implementation of time limits on Reach Up financial assistance since the passage of Act 50 in May 2013. Internal structures that have been examined and are in the process of being changed include: Information Technology (IT), program procedures and practices, and program rules. The Department has also taken measures to ensure that stakeholders understand the changes taking place. Communication efforts have targeted participants, the general public, community partners, advocates, and Department staff. A "Reach Up Advisory Group" met weekly throughout the summer and fall, and continues to meet regularly. The Advisory Group consists of the Reach Up Director, Department Operations, Reach Up Operations, and representatives from Reach Up team leaders, case managers, and Creative Workforce Solutions. This group identifies areas that need to be addressed due to time limits implementation and completes necessary steps to ensure the Department is fully prepared by May 1, 2014.

#### **IT Preparedness Measures:**

The ability to implement legislative changes in May 2014 depends heavily on necessary modifications being made to the current "ACCESS" system. ACCESS processes Reach Up eligibility and tracks crucial case management information and tasks. Changes in programming must provide the following results:

- A count of the total number of months a Reach Up participant has received assistance, indicated by the following categories:
  1. Temporary Aid to Needy Families (TANF)-funded months (i.e. federally funded assistance);
  2. All Reach Up umbrella programs and funding streams (TANF funded, Reach Up State Funded, Reach First, Reach Ahead, PSE); and
  3. "Countable" months (i.e. those months that will count toward the cumulative 60-month time limit on assistance);
- Programming to ensure that non-countable assistance groups or programs, such as Reach First, Reach Ahead and PSE, are excluded from the "countable months" total;
- Programming to exclude non-countable months from the "countable months" total, both retroactively and moving forward;
- New deferment codes to accurately track the months a participant has been granted a deferment for caring for a child under 24 months of age;
- Eligibility functions to ensure Benefits Program Specialists (BPSs) can close or deny cases for the correct reasons and identify cases that have met the 60-month limit;
- Programming to identify participants who have received 18, 36, and 60 months of assistance;

- Program-specific alerts that allow BPSs and/or case managers to take the required action for participants who have received 18, 36, and 60 months of assistance; and
- Notices that accurately and clearly explain decisions to participants.

### IT TIMELINE – Changes to ACCESS

5/15/13	<ul style="list-style-type: none"> <li>• Initial meeting between Reach Up Operations, ESD Operations, AHS IT staff, and ESD Process and Performance staff to discuss changes needed in ACCESS (ESD's IT system) to implement time limits by May 1, 2014</li> </ul>
5/22/13	<ul style="list-style-type: none"> <li>• Business Requirements Document (BRD), detailing necessary changes to IT programming, submitted by Reach Up Operations to IT</li> </ul>
6/3/13	<ul style="list-style-type: none"> <li>• Developer presents new screen in ACCESS, enabling the program to track months that count toward the 60-month time limit ("countable" months)</li> <li>• New screen is put into "Development" for testing and programming</li> </ul>
6/4/13	<ul style="list-style-type: none"> <li>• Programming is completed in Development allowing months in the first year of the child-under-24-months deferment category to be properly tracked and counted</li> </ul>
5/22/13-6/20/13	<ul style="list-style-type: none"> <li>• Developer works on requirements from BRD and staff test changes</li> </ul>
6/20/13	<ul style="list-style-type: none"> <li>• Changes made in Development to CLOCK function (counts months of assistance received and determines which months are countable) put into "Production" (for staff use)</li> </ul>
6/21/13	<ul style="list-style-type: none"> <li>• Updated BRD of completed work distributed to ESD</li> <li>• Programmer assigned to project leaves position</li> </ul>
6/23/13-8/23/13	<ul style="list-style-type: none"> <li>• Test cases show discrepancies between actual months of assistance received and totals appearing in the CLOCK function</li> <li>• New developer assigned to project</li> </ul>
8/23/13-10/28/13	<ul style="list-style-type: none"> <li>• Analysis continues</li> <li>• Problematic areas for counting time correctly include:               <ol style="list-style-type: none"> <li>1. Two-parent families;</li> <li>2. Families with long history of Reach Up benefits; and</li> <li>3. Data inconsistencies - benefit months and participation status (deferred or not) are stored in different areas in ACCESS and sometimes are "behind the scenes" (not visible to average user). Over the years some data has been erased or moved to make room for more data.</li> </ol> </li> </ul>
10/30/13 - present	<ul style="list-style-type: none"> <li>• Analysis continues and weekly status updates report that the analysis phase is almost complete</li> <li>• Developers write programming to repair most outstanding data inconsistencies, but these changes have yet to be implemented</li> <li>• Developers work on problematic areas above; specifically months must not count for any adult in the family when at least one adult is under age 18. Programming is anticipated to be completed for this and other problem areas by March, 2014.</li> </ul>

### Procedures, Practices and Rules Preparedness Measures:

The department identified seven main areas in this category to prepare for time limits implementation in May, 2014. The Reach Up Advisory Group works on these measures and evaluates progress, discusses target dates and next steps at each meeting.

<b>Preparedness Measure</b>	<b>Tasks Completed</b>	<b>Tasks to be completed by May 2014</b>
1. 18 and 36 Month Review (section E.323)	<ul style="list-style-type: none"> <li>• Work Group established</li> <li>• Drafts of review criteria written</li> </ul>	<ul style="list-style-type: none"> <li>• IT changes to allow identification of cases at 18 and 36 months</li> <li>• Review procedure established</li> </ul>
2. Independent Medical Review (section E.323.2)	<ul style="list-style-type: none"> <li>• Work Group established</li> <li>• Methods in other states researched disability determination procedure by Disability Determination Services (DDS) and Department of Vermont Health Access (DVHA) medical review team for possibilities</li> <li>• Budget established and submitted</li> </ul>	<ul style="list-style-type: none"> <li>• Procedures established</li> <li>• Forms created for participants and Medical Review Team</li> </ul>
3. Verifying out-of-state TANF months	<ul style="list-style-type: none"> <li>• Form completed to request information from other states</li> </ul>	<ul style="list-style-type: none"> <li>• Process Management procedure complete</li> <li>• Rules adopted to require this information before Reach Up benefits can be approved</li> </ul>
4. Evaluation of Community Service Placement (CSP) slots available to meet estimated need	<ul style="list-style-type: none"> <li>• Work Group established</li> <li>• Districts surveyed regarding current availability and anticipated future needs</li> </ul>	<ul style="list-style-type: none"> <li>• Additional CSP slots available as necessary</li> <li>• Additional transportation and childcare services in place</li> </ul>
5. Eligibility Procedures	<ul style="list-style-type: none"> <li>• Draft procedures created</li> </ul>	<ul style="list-style-type: none"> <li>• Procedures complete and staff trained</li> </ul>
6. Rule Changes to implement legislation	<ul style="list-style-type: none"> <li>• Rules revised and proposed rules filed</li> </ul>	<ul style="list-style-type: none"> <li>• Final rules filed and adopted</li> </ul>
7. Amend TANF State Plan		<ul style="list-style-type: none"> <li>• TANF State Plan amended and submitted to federal agency by June 1, 2014</li> </ul>

### **Communication Preparedness Measures:**

A fundamental task related to implementing time limits preparation is communicating with stakeholders within the Reach Up program and the broader community. Steps have already been taken to educate participants and the community. The Advisory Group is working on additional materials for distribution that will explain time limits in greater detail as the

implementation date approaches. The last step involves notifying the specific participants whose grants could close in May 2014 due to time limits, and informing them of their options.

<b>Preparedness Measure</b>	<b>Tasks Completed</b>	<b>Tasks to be completed by May 2014</b>
1. Stakeholder Communication	<ul style="list-style-type: none"> <li>• “Frequently Asked Questions” (FAQ) document created and widely distributed to partners, participants, staff, and posted on public internet site (August 2013)</li> <li>• Community education subcommittee formed (December 2013)</li> </ul>	<ul style="list-style-type: none"> <li>• Target Date: January 2014 – Letter sent to all participants explaining changes and how they may be affected</li> <li>• Target Date: January 2014 – “Talking Points” document created and distributed to community partners</li> </ul>
2. Reach Up Recipient Notification	<ul style="list-style-type: none"> <li>• Case managers speak with their participants about changes and how changes might affect them (on-going)</li> <li>• FAQ distributed to participants (August 2013)</li> </ul>	<ul style="list-style-type: none"> <li>• Target Date: March 2014 – Notices to be mailed to participants who will have reached 60 countable months as of May 2014</li> </ul>



## Section II

### Profile of Participating Families Receiving Long-Term Assistance

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The data in this section are the most recently available as of December 2013. These data look at active Reach Up families who have reached 53 “countable” months of Reach Up (see Executive Summary) as of October 2013 to ensure active families who will reach their 60-month time limit by May 1, 2014 are included in the review. While there are some outstanding data discrepancies in the ACCESS system (and as indicated above these are being addressed by programmers), the data available for this report provide a statistically valid aggregate profile of these families.<sup>1</sup>

Eight hundred and thirty-seven families are included in this review and all of these have a case manager assigned to them. From this total, data are broken down into two sub- groups:

1. Sanctioned families, and
2. Non-sanctioned Families.

Participants become sanctioned when they fail to comply with the requirements of the program. A sanction entails a reduction in benefits, and the reduction amount increases incrementally depending on how long the sanction lasts.<sup>2</sup>

Data are also provided for the total number of families reviewed, and in some instances, for the total Reach Up population for comparative purposes. Eighty-nine of the 837 families reviewed were sanctioned as of October, 2013. This represents approximately 11% of the families in this cohort.

#### Demographics

The average age of participants in the 60-month group is 33. In the sanctioned group, the largest number of participants fell into the 21 to 30 year age range. However, in the non-sanctioned group the largest number of participants fell into the 31-40 age range.

Below are some data regarding the composition 60-month households:

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<sup>1</sup> There are two main areas where ACCESS has inconsistently collected data, but these two areas should not affect the validity of this particular group: 1) Two parent families where one parent is under age 18 and the other is not – these months do not become countable until both parents are age 18, so these families would not be included in this review; and 2) participants who have a very long history of Reach Up benefits (10 years or more) – some of these data have been deleted through the years, but these families have enough months on Reach Up that even if some months were deleted from their ACCESS history, they would still have enough months to be captured in this review.

<sup>2</sup> One to three sanctioned months (cumulative in a lifetime): \$75 reduction  
Four or more sanctioned months (cumulative in a lifetime): \$150 reduction

All families in 60 month time limit group

- One parent: 698 of 837 cases (84%)
- Two parent: 139 of 837 cases (17%)

Sanctioned group

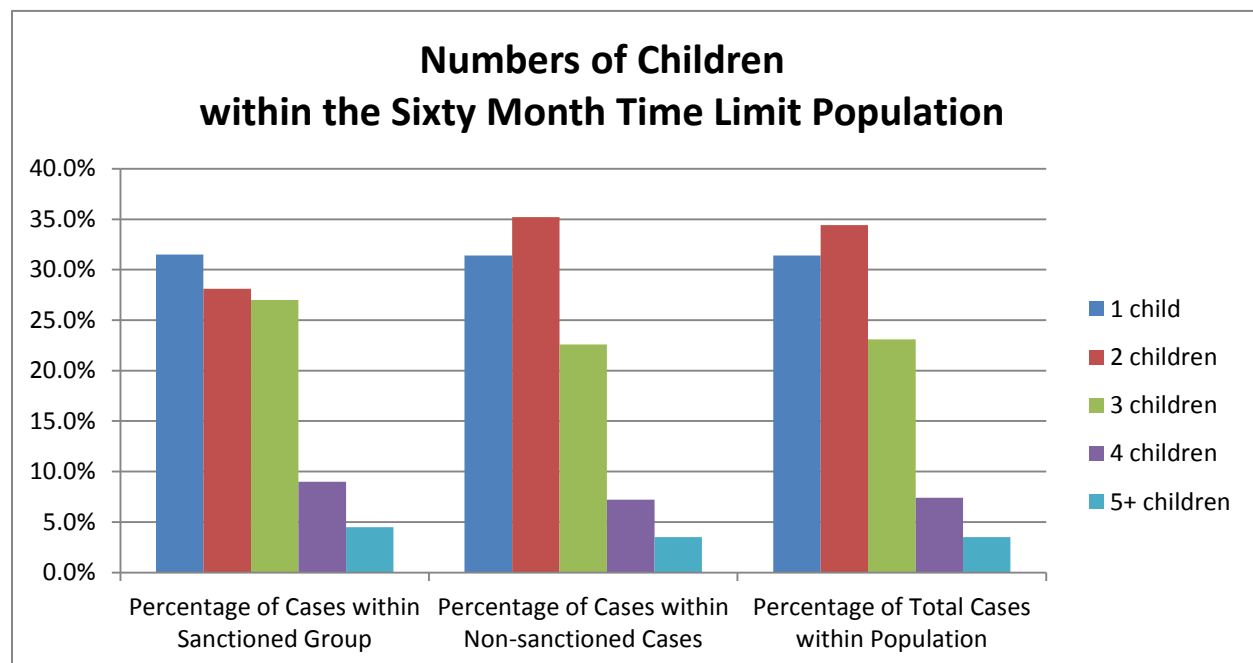
- One parent: 68 of 89 cases (76.4%)
- Two parent: 21 of 89 cases (23.6%)

Non-sanctioned group

- One parent: 630 of 748 cases (84.2%)
- Two parent: 118 of 748 cases (15.8%)

As the data above make clear, 83 percent of all families in the 60 month time limit group are single parents. This is 11 percent higher than the rate for the full Reach Up population, and the difference indicates that a single-parent household is more likely than a two-parent household to receive long term assistance.

As shown in the chart below, most families in the 60-month time limit group have one or two children. About 23 percent have three children, and very few have more than three children.



Thirty-eight percent of families reviewed live in subsidized housing. This number is similar to, though slightly higher than, the total Reach Up population.

### Types of Income

Knowing the types of income available to a household provides a deeper understanding of both the benefits and challenges the family experiences. The table below shows that more than one-fifth of the reviewed cases in the 60-month group have income from employment (“Earned Income”). Close to the same number have unemployment income, which indicates a work history.

Income Types in Household						
	<i>Cases within the Sanctioned Group</i>	<i>Percentage of Cases within the Sanctioned Group</i>	<i>Cases within the Non-sanctioned Group</i>	<i>Percentage of Cases within the Non-sanctioned Group</i>	<i>Total Cases within the Reach Up Population</i>	<i>Percentage of Total Cases within the Reach Up Population</i>
Earned income	9	10%	178	24%	187	22%
Disability income	15	17%	145	19%	160	19%
Unemployment	0	0%	14	19%	14	17%
Other	2	2%	19	3%	21	2%

Nearly 20 percent have disability income in the household, demonstrating that one in five families in this group have a family member whose disability is severe enough to receive SSI. Having a family member with a severe disability can put greater strain on family resources and time.

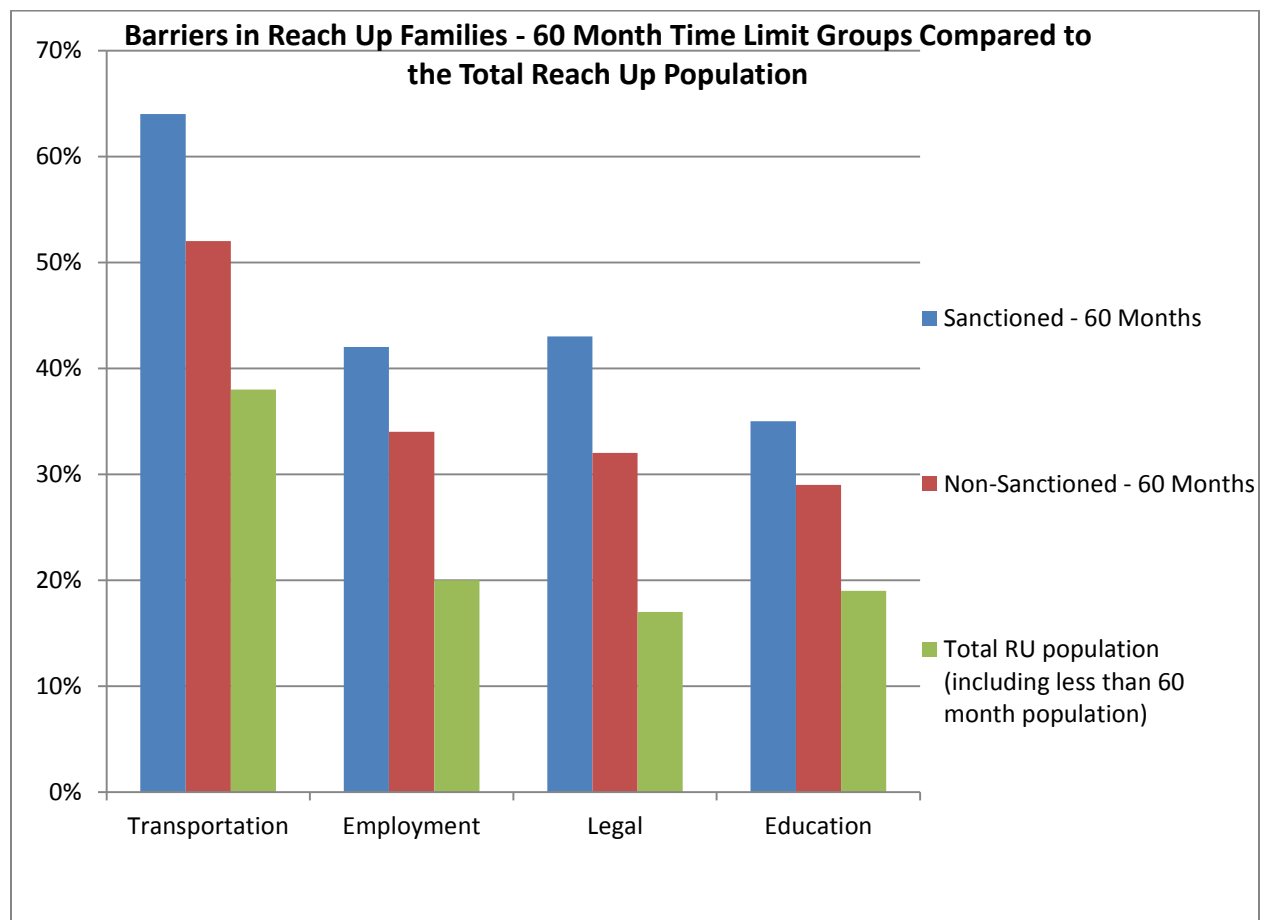
### Length of Time Receiving Reach Up

The majority of both sanctioned and non-sanctioned families in the time limit group have received Reach Up between seven and eight years. The second largest time range is between nine and ten years of Reach Up assistance. Therefore, 73% of these families have received between seven and ten years of Reach Up assistance. Only a handful of the 60-month group has received Reach Up assistance for 11 or more years: two families from the sanctioned group and 68 families from the non-sanctioned group.

Months on Reach Up from 7/2001-10/2013						
<i>Month ranges</i>	<i>Cases within the Sanctioned Group</i>	<i>Percentage of Cases within the Sanctioned Group</i>	<i>Cases within the Non-sanctioned Group</i>	<i>Percentage of Cases within the Non-sanctioned Group</i>	<i>Total Cases within the Reach Up Population</i>	<i>Percentage of Total Cases within the Reach Up Population</i>
53-59 months (under 5 years)	3	3%	28	4%	31	4%
60-71 months (5-6 yrs)	19	21%	108	14%	127	15%
72-107 months (7-8 years)	48	54%	399	53%	447	53%
108-131 months (9-10 years)	17	19%	147	20%	164	20%
132 months (11+ years)	2	2%	66	9%	68	8%

## Barriers

Barriers include issues that participants self-report and which may prevent them from going to work or may make employment goals more challenging to achieve. The first group evaluated included sanctioned families who will reach their 60-month time limit on May 1, 2014. The average number of barriers per sanctioned household is 3.2. Eighty-two percent of households in this group have two or more barriers. In contrast, 78 percent of the non-sanctioned households in the reviewed cases have two or more barriers. The sanctioned group had significantly higher percentage rates of the following four barriers than the non-sanctioned group: transportation, employment, legal, and education. Greater percentage differences also occur between the 60-month population and the total Reach Up caseload. Barrier rates for these four items are almost double in the sanctioned 60-month households as they are in the total Reach Up population. The following chart illustrates the occurrence of these four barriers among the different groups:



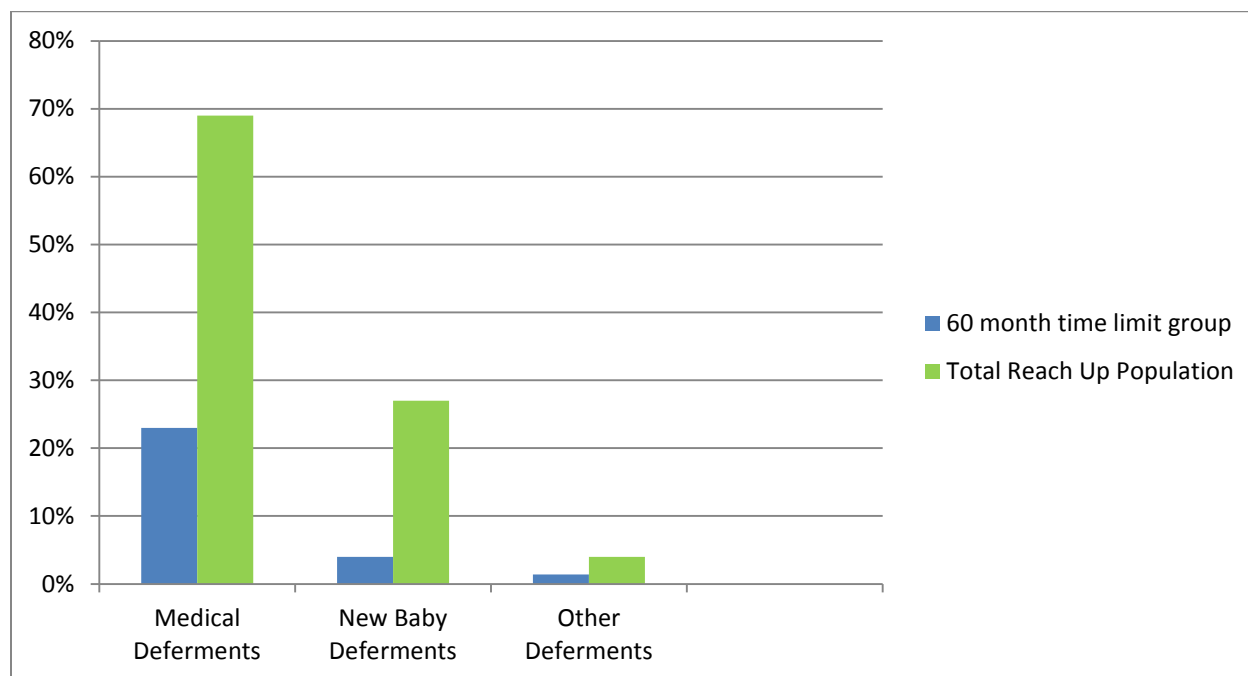
The chart below illustrates the prevalence of all barriers tracked by the department within the 60-month time limits group.

<b>Barriers Within the 60-Month Time Limits Group</b>						
	<i>Cases within the Sanctioned Group</i>	<i>Percentage of Cases within the Sanctioned Group</i>	<i>Cases within the Non-sanctioned Group</i>	<i>Percentage of Cases within the Non-sanctioned Group</i>	<i>Total Cases within the Reach Up Population</i>	<i>Percentage of Total Cases within the Reach Up Population</i>
<b>Transportation Barriers</b>	57	64.0%	391	52.3%	448	53.5%
<b>Social and Emotional Health Barriers</b>	35	39.3%	339	45.3%	374	44.7%
<b>Financial Barriers</b>	35	39.3%	302	40.4%	337	40.3%
<b>Adult Employment Barriers</b>	37	41.6%	254	34.0%	291	34.8%
<b>Legal Barriers</b>	38	42.7%	242	32.4%	280	33.5%
<b>Health &amp; Safety Barriers</b>	17	19.1%	257	34.4%	274	32.7%
<b>Education Barriers</b>	31	34.8%	220	29.4%	251	30.0%
<b>Child Development Barriers</b>	23	25.8%	215	28.7%	238	28.4%
<b>Work Habits Barriers</b>	19	21.3%	176	23.5%	195	23.3%
<b>Shelter Barriers</b>	16	18.0%	120	16.0%	136	16.2%
<b>Family Interactions Barriers</b>	5	5.6%	94	12.6%	99	11.8%
<b>Food and Clothing Barriers</b>	4	4.5%	39	5.2%	43	5.1%
<b>Community Relations Barriers</b>	3	3.4%	27	3.6%	30	3.6%

## Deferments

As noted in the Executive Summary, a deferment delays the onset of the work requirement for a specific reason and gives the participant time to address issues related to the deferment. Though the 60-month time limit group has a higher number of barriers on average than the

total Reach Up population, the rate for deferments is actually much lower in this group than in the total Reach Up population. It's likely "New Baby" deferments (to care for a child less than 24 months old) are less common in this group because this deferment is restricted to 24 cumulative months in a lifetime, and the 60-month group may have already used their 24 months of "New Baby" deferment. The barriers table below shows that 45 percent of participants in this 60-month group report social and emotional health barriers, thus the deferment rate most likely does not reflect the actual rate at which these issues occur. It is possible that medical deferments are lower because participants are not addressing their health issues.

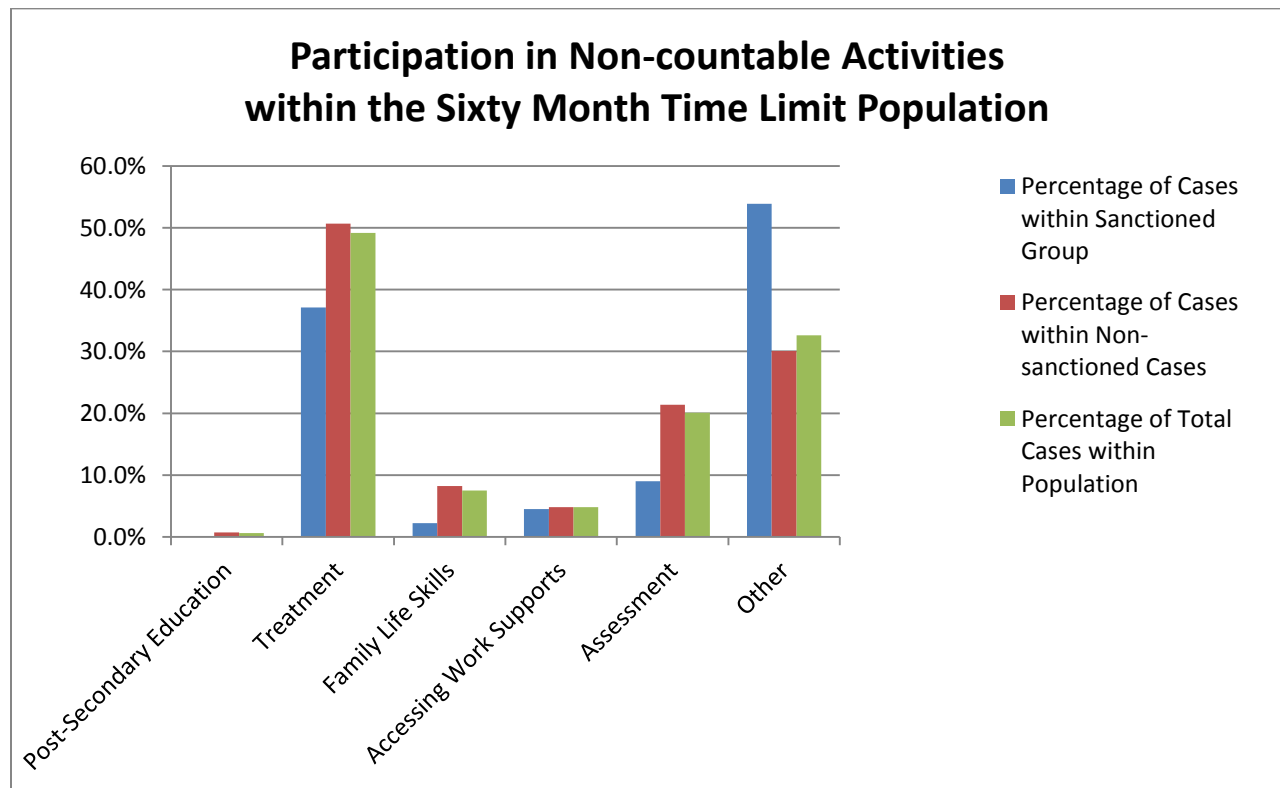
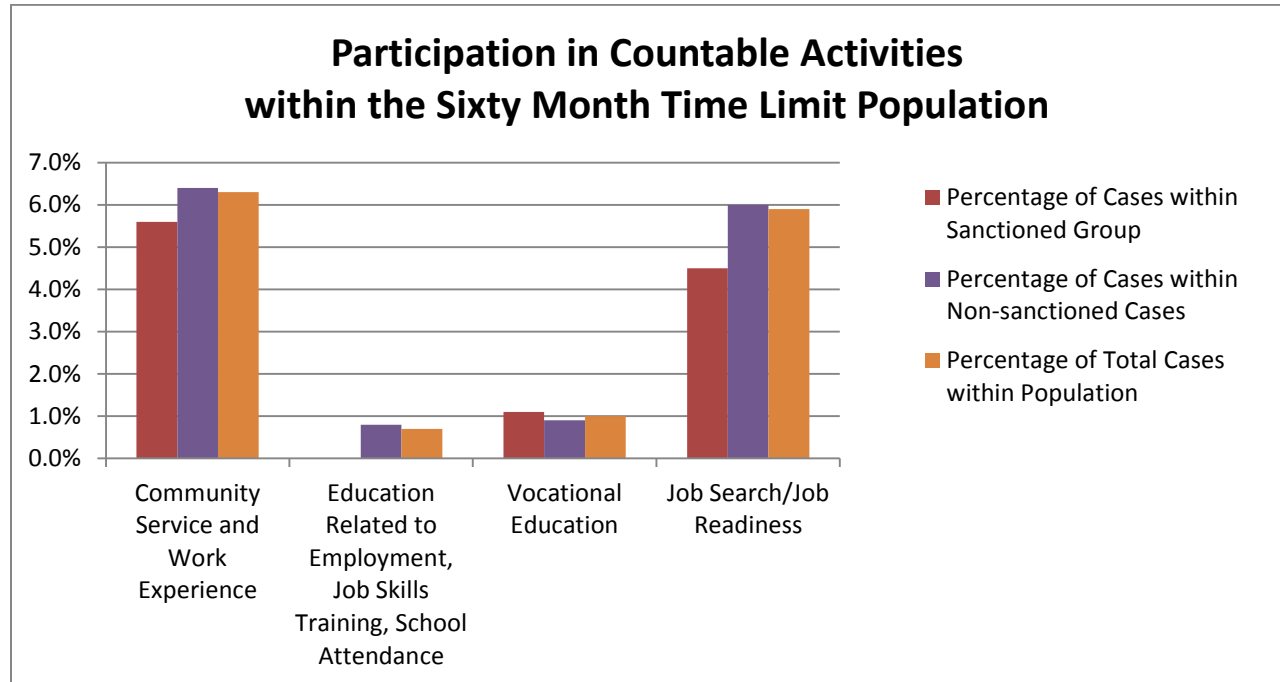


### Participation in Countable and Non-Countable Reach Up Activities

Adults receiving Reach Up are required to participate in various activities to help them reach their employment goal(s). Hours completed in "Countable" activities help a participant meet their federally mandated work requirement. "Non-countable" activities are those which are approved and included on the Family Development Plan, but they do not count towards the work requirement. Non-countable activities should, however, move a participant towards self-sufficiency, toward their employment goal(s), and address any barriers a participant may have. Most participants are engaged in non-countable activities. The following two tables indicate percentages of families that are involved in various countable and non-countable activities.<sup>3</sup> Due to the high rate of barriers in this population, it is understandable why these families are

<sup>3</sup> For activities (this table and next), there will be duplicate counts. For example, there is one case that has both job search and CSP in the sanctioned cases. That case is counted in each category of activity as defined by the list in the left column.

predominantly participating in non-countable activities. Non-countable activities include parenting classes, housing searches, and working with DCF's Family Services Division.



## Specific Activities within Non-Countable Activity Categories in Chart Above

### Post-Secondary Education

- developing a PSE plan
- adult basic education

### Treatment

- substance abuse counseling
- substance abuse support group
- mental health counseling
- medical appointment or physical therapy
- domestic violence counseling
- domestic violence support group
- applying for social security benefits

### Family Life Skills

- parenting support group
- family counseling
- intensive family-based services
- Head Start (home-based)
- Children's Integrated Services
- working with Family Services Division
- developing a self-employment plan
- other education/training activities

### Accessing Work Supports

- Vocational Rehabilitation (VR) guidance/counseling
- caregiver supporting the parent working outside the home
- housing search

### Assessment

- VR referral/assessment

### Other

- court/legal issues
- probation and parole requirements
- conciliation - the process by which disputes related to an individual's failure to comply with services component requirements are resolved
- other activities not addressed elsewhere



## Section III

### Anticipated Impact on Families Reaching 60 month Limit

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#### Number of Families Affected by Time Limits

The number of families that will be affected by the 60-month time limit is projected to be relatively small. This is due to several factors. Since the time limit is an accumulation of countable months (see Executive Summary), some participants who have received 60 total months of Reach Up will not have reached the 60-month limit once the non-countable months are subtracted. Additionally, even for those participants who have received 60 countable months of assistance, there are two ways they can continue to receive benefits:

1. Participation in a Community Services Placement (CSP) or paid employment, or
2. Qualification for any of the deferments currently listed in 33 VSA § 1114.

Despite the above two options, there will be some families who choose not to participate and their benefits will end. The October 2013 data show that 837 families will have met the 60-month time limit by May 1, 2014. Of those families, the Department estimates that approximately 11 percent (89), will choose not to participate and their Reach Up benefits will close.<sup>4</sup>

#### Other Forms of Public Assistance Available

These families will not be eligible for non-catastrophic General Assistance (GA) or Emergency Assistance (EA). The GA rule 2610(B)(3) detailed below describes why these families will not be eligible for GA and EA temporary housing assistance. The EA rule citation is 2810(C), and is identical to the GA rule, except it replaces "GA" with "EA."

The household is actively pursuing all sources of potential income appropriate to their situation, such as, but not limited to, Reach Up, SSI, AABD, Medicaid, 3SquaresVT, fuel assistance, unemployment or worker's compensation, veterans benefits, insurance payments, railroad retirement, pensions, social security, wages, and child support. Pursuit of potential income means initiating an application, request or complaint as appropriate prior to a subsequent GA grant, cooperating with requirements for a timely decision, and continuing to cooperate in meeting requirements to maintain such income on an ongoing basis thereafter.

These households will continue to be eligible for 3SquaresVT (and may receive an increased benefit due to the decrease in unearned income), Fuel Assistance, and Medicaid. Any child

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<sup>4</sup> This figure is based on the number of sanctioned participants from the group of 837 that will have met their 60-month time limit in May, 2014, and is the most accurate estimate we can anticipate based on available data. Since there is no way to predict individual behavior, this number could be even smaller. When faced with the prospect of losing Reach Up benefits, these recipients may begin to comply.

support the Department previously collected on their behalf would be sent directly to the family.

### **National Research on the Impact of Time Limits**

National research addressing TANF recipients who stop receiving benefits due to time limits is limited. A few states have begun to research how their former TANF participants are faring without cash assistance. It is important to keep in mind that the manner in which different states implement time limits varies greatly. Some states enact “hard” limits, which do not allow any type of financial assistance receipt once the recipient has met the limit, regardless of inability to work or other hardships. Other states, like Vermont, have “soft” time limits, which allow continued receipt of benefits under certain circumstances.

The following studies provide some information on the effects of time limits. Some note that these former recipients are worse off, while others show that they are no worse off than recipients who leave for other reasons.

- A 2012 report found no significant increase in poverty for recipients who left due to time limits, and found that the time limit actually "promoted families' transition from welfare to work without increasing their material hardship."  
<http://ftp.iza.org/dp6993.pdf>
- The Center for Budget and Policy Priorities (CBPP) reports that in 2003 several states conducted research studies to understand the impact of TANF recipients leaving the program because of time limits. Minnesota, Ohio, and Virginia all found that these individuals experienced high levels of poverty, low levels of employment, difficulty in finding and keeping stable housing, and food insecurity. These problems were more pronounced than they were for families leaving TANF for reasons other than imposed time limits.  
<http://www.cbpp.org/cms/index.cfm?fa=view&id=1536#Sanctions>
- The CBPP also cites a Virginia study which determined that even though the vast majority (nearly 90%) of former recipients worked at some time after leaving TANF, more than 80% of this population remained below the poverty level 18 months after their benefits closed.  
<http://www.cbpp.org/cms/index.cfm?fa=view&id=1536#Sanctions>
- For those families who leave TANF due to time limits and then go to work, most will remain poor, according to one study referenced by social policy research group MDRC. They simply moved from “welfare poor,” to “working poor.” (“The 30-Year Tug-of-War - Can Reform Resolve Welfare Policy's Thorniest Conundrum?” by Gordon Berlin)  
[http://www.mdrc.org/sites/default/files/policybrief\\_35.pdf](http://www.mdrc.org/sites/default/files/policybrief_35.pdf)

- An article titled “Welfare Time Limits in the United States - Experiences with a New Welfare-to-Work Approach” (June 2004), found that once time limits are enacted, recipients of assistance start work at greater numbers than before time limits, in order to “hoard” their months of allowable assistance to be used at a later time if necessary.  
<http://www.cesifo-group.de/portal/pls/portal/docs/1/1189172.PDF>

## Section IV

### Fiscal Impact of Changes

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The Department believes a small number of families will no longer participate in Reach Up after 60 months because they are out of compliance with program requirements. Some of those families will secure other sources of income, such as employment or SSI, to replace the Reach Up grant, and will experience an increase in their household income. Others may see their net income go down if they are not successful seeking employment or other means of support. The potential impact on various state and federal programs is described below.

**3SquaresVT:** 3SquaresVT, the federally funded Supplemental Nutrition program (formerly called Food Stamps) benefit levels are determined by income. Therefore if a family's net income is reduced they are likely to see an increase in their 3SquaresVT benefit by approximately one-third of the reduced income amount.<sup>5</sup>

**General/Emergency Assistance:** As stated previously, families not complying with Reach Up program requirements will not be eligible for non-catastrophic General Assistance (GA) or Emergency Assistance (EA). This program will not be impacted by the 60 month time limit.

**Medicaid and LIHEAP:** Most families, after leaving Reach Up because of non-compliance, would continue to be eligible at the previous benefit levels for Fuel Assistance and Medicaid.

**Section 8 Vouchers:** The Section 8 subsidized housing program may be impacted by families leaving Reach Up if those families do not replace the lost Reach Up income with other income. Their share of their housing cost will be reduced to reflect that lost income. On the other hand, if a family's net income goes up, their share of the rent will go up.

**Child support:** Because the state keeps almost all of the collected child support to offset the Reach Up grant, families who receive child support and no longer participate in Reach Up will receive their full child support each month directly from the Office of Child Support. The collection rate for all Reach Up families is about 48 percent, so as many as one-half of families who leave Reach Up may still have child support income available to them.<sup>6</sup>

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<sup>5</sup> If a family is receiving an average grant amount of \$510, their food benefit will increase by \$168. When this is considered, the net benefit loss (when considering food benefit as part of the benefit package) to this family is actually \$342 rather than \$510.

<sup>6</sup> If a family is entitled to the average Reach Up grant amount of \$510 and they receive \$300 in child support: The family keeps the first \$50 of child support (not counted in the Reach Up budget), then they receive \$250 as parent share (child support) and \$260 in Reach Up funds for a total of \$560. If the family's Reach Up closes, their income would be \$300 in child support, as opposed to \$560 in Reach Up/child support combined.

**Impact to the State:** The Department estimates that the reduction in Reach Up benefits being paid by the state will be approximately \$544,680 per year. This number is calculated by annualizing the number of families that have met their 60-month time limit and that will not comply (89), multiplied by the average monthly Reach Up benefit (\$510).

**New program expenses:** The execution of the legislative mandates in Act 50 will cost the state money. For example, the budget for the independent medical review required by section E.323.2 is estimated at approximately \$500,000 per year. Additionally, Reach Up may need to create more Community Service Placements (CSPs) to respond to increased demand. This would entail increasing current grant amounts for agencies that host CSP participants. The increased number of participants in CSPs also increases budgetary needs for transportation, child care, and other support services, though an accurate estimate of these costs is nearly impossible to procure since not all CSP participants are in need of these services.

## Conclusion

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The Department is working on tasks on a daily basis to prepare for time limits implementation on May 1, 2014. At this point, the Department is on track to meet its goals of having ACCESS changes ready, procedures created, training administered, and participants notified.

The profile of families receiving long-term assistance obtained by the case review raises some concerns. These families have higher rates of barriers and more of them. Many face their own disabilities or those of family members. Most families have only one parent. Some currently work, or have a history of work. There are some similarities between the 60-month group and the total Reach Up population; yet the challenges long-term recipients face are greater than those of the average Reach Up participant.

It is difficult to predict the impact time limits will have on these families because when faced with time limits they may make choices that lead them to self-sufficiency such as addressing untreated substance abuse issues or participating fully in a work experience; or they may be unable or unwilling to comply and assistance will cease. Studies have shown mixed results from time limits “leavers,” and at this time we can only speculate on the outcome for these families.

Some aspects of time limits, such as the creation and maintenance of a Medical Review Team, will cost the Department money. The fiscal year 2014 budget does not include dedicated funding for this additional position or for the required physician. The amount of Reach Up not paid to those who have met their time limit could help balance this added cost in 2015.

Reach Up time limits could help reduce caseload sizes and consequently increase the amount of time and energy that can be available for long-term recipients of Reach Up. The new programming in ACCESS and new rules will help staff recognize these families earlier and perhaps address issues sooner than before, allowing people to move towards self-sufficiency more quickly.